JUNEFIELD DEPARTMENT STORE GROUP LIMITED
莊勝百貨集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 758)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

HIGHLIGHTS

- Revenue decreased to approximately HK$15,480,000, a decrease of 44%
- Net profit attributable to the Group for the year was approximately HK$44,291,000, an increase of 4.7 times
- Earnings per share was HK10.50 cents per share

ANNUAL RESULTS

The Board of Directors (the "Board") of Junefield Department Store Group Limited (the "Company") presents the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2007 together with the comparative figures for the year 2006 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Note	**2007** *HK$'000*	2006 *HK$'000*
Revenue	4	**15,480**	27,578
Other income	4	**353**	1,769
Changes in fair value of investment properties		**–**	(548)
Contract costs		**(4,766)**	(10,865)
Employee benefits expense		**(7,630)**	(6,735)
Depreciation of property, plant and equipment		**(247)**	(254)
Amortisation of prepaid land lease payments		**(28)**	(26)
Other operating expenses		**(16,577)**	(21,688)
Operating loss	6	**(13,415)**	(10,769)
Finance costs	7	**(6,933)**	(8,225)
Share of profit of a jointly-controlled entity		**64,639**	26,731
Profit before tax		**44,291**	7,737
Tax	8	**–**	8
Profit for the year		**44,291**	7,745
Attributable to:			
Equity holders of the Company		**44,291**	7,745
Minority interests		**–**	–
		44,291	7,745
Earnings per share attributable to equity holders of the Company			
Basic and diluted	10	**10.50 cents**	1.84 cents

CONSOLIDATED BALANCE SHEET
At 31 December 2007

	Note	**2007**	2006
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**2,246**	2,280
Prepaid land lease payments		**578**	564
Investment in a jointly-controlled entity		**131,405**	66,766
Available-for-sale investment		**–**	–
Total non-current assets		**134,229**	69,610
Current assets			
Inventories		**–**	315
Properties held for sale		**13,462**	13,462
Construction contracts	11	**–**	115
Accounts receivable	12	**4,208**	4,941
Prepayments, deposits and other receivables		**1,357**	1,146
Amount due from a jointly-controlled entity		**2,507**	2,842
Amount due from a joint venturer		**–**	–
Amount due from a related company		**–**	5,716
Amount due from a subsidiary's minority shareholder		**192**	199
Time deposits		**2,791**	–
Cash and bank balances		**3,815**	2,226
Total current assets		**28,332**	30,962
Current liabilities			
Accounts payable	13	**12,945**	13,212
Other payables and accruals		**24,987**	21,296
Amount due to the ultimate holding company		**16,664**	1,791
Tax payable		**1,871**	1,798
Interest-bearing borrowings		**30,367**	34,630
Loan from a jointly-controlled entity		**66,657**	–
Total current liabilities		**153,491**	72,727
Net current liabilities		**(125,159)**	(41,765)
Total assets less current liabilities		**9,070**	27,845
Non-current liabilities			
Loan from a jointly-controlled entity		**–**	61,950
Deferred tax liabilities		**7,813**	7,813
Total non-current liabilities		**7,813**	69,763
Net assets/(liabilities)		**1,257**	(41,918)
Equity			
Equity attributable to equity holders of the Company			
Issued capital		**42,193**	42,193
Reserves		**(40,936)**	(84,111)
		1,257	(41,918)
Minority interests		**–**	–
Total equity		**1,257**	(41,918)

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain properties and financial instruments, which have been measured at fair values. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern

The Group had net current liabilities of approximately HK$125,159,000 at the balance sheet date. Notwithstanding the above, the directors of the Company have prepared the financial statements on the going concern basis on the assumption that the Group will continue to operate as a going concern for the foreseeable future.

During the year ended 31 December 2007 and subsequently, the directors have taken active measures to improve the liquidity and financial position of the Group as follows:

(a) The directors of the Company are in active negotiations with the Group's lender of a short-term other loan to seek their ongoing support to the Group. Subsequent to the balance sheet date, the Company has obtained a letter from the lender on 21 February 2008 in respect of the short-term other loan of HK$25 million to extend the repayment date to 22 August 2008. The Company will enter into supplemental loan agreement with the lender subject to terms and conditions mutually acceptable to both parties;

(b) The Group's ultimate holding company has confirmed to provide necessary funds to the Group so as to enable the Group to discharge its obligations as and when they fall due, including the short-term other loan of HK$25 million as mentioned in point (a) above;

(c) The directors have taken action to tighten cost controls over various operating and general and administrative expenses; and

(d) The Group's capital commitment was kept at a minimal level.

In the opinion of the directors, in light of various measures/arrangements implemented to date and the ongoing support from the Group's ultimate holding company, related companies and creditors, the Group will have sufficient working capital for its present requirements and to continue its operations as a going concern. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on the going concern basis notwithstanding the Group's financial position and tight liquidity at 31 December 2007. However, if these measures were not to be successful or insufficient, or if the going concern basis were not be appropriate, adjustments would have to be made to the financial statements to reduce the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2007. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 Amendment	Presentation of Financial Statements - Capital Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 7 Financial Instruments: Disclosures

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) Amendment to HKAS 1 Presentation of Financial Statements - Capital Disclosures

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

(c) HK(IFRIC)-Int 7 Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies

This interpretation provides guidance on how to apply requirements of HKAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As none of the group entities have a currency of a hyperinflationary economy as its functional currency, HK(IFRIC) – Int 7 is not relevant to the Group's operations.

(d) HK(IFRIC)-Int 8 Scope of HKFRS 2

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Group had only issued equity instruments to its employees in accordance with the Company's share option scheme, the interpretation has had no effect on these financial statements.

(e) HK(IFRIC)-Int 9 Reassessment of Embedded Derivatives

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group has no embedded derivative requiring separation from the host contract, the interpretation has had no impact on the financial position or results of operations of the Group.

(f) HK(IFRIC)-Int 10 Interim Financial Reporting and Impairment

The Group has adopted this interpretation as of 1 January 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

3. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 8	Operating Segments[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions[2]
HK(IFRIC)-Int 12	Service Concession Arrangements[4]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[3]
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 March 2007
3 Effective for annual periods beginning on or after 1 July 2008
4 Effective for annual periods beginning on or after 1 January 2008

HKFRS 8, which will replace HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group expects to adopt HKFRS 8 from 1 January 2009.

HKAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Group's current policy for borrowing costs aligns with the requirements of the revised standard, the revised standard is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 11 requires arrangements whereby an employee is granted rights to the Group's equity instruments, to be accounted for as an equity-settled scheme, even if the Group acquires the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC)-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group currently has no such transactions, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 12 requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC)-Int 12 also addresses how an operator shall apply existing HKFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services. As the Group currently has no such arrangements, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 13 requires that loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transaction. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 *Employee Benefits*, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when a minimum funding requirement exists.

As the Group currently has no customer loyalty award credits and defined benefit scheme, HK(IFRIC)-Int 13 and HK(IFRIC)-Int 14 are not applicable to the Group and therefore are unlikely to have any financial impact on the Group.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

4. REVENUE AND OTHER INCOME

An analysis of the Group's revenue and other income is as follows:

	2007 *HK$'000*	2006 *HK$'000*
Revenue		
Construction contract revenue	**402**	20,545
Consultancy services fee	**4,500**	–
Gross rental income	**537**	309
Property management and agency fees	**10,041**	6,724
	15,480	27,578
Other income		
Bank interest income	**18**	26
Reversal of impairment of accounts receivable	**51**	323
Reversal of impairment of amount due from a subsidiary's minority shareholder	**–**	913
Others	**284**	507
	353	1,769
	15,833	29,347

5. SEGMENT INFORMATION

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. In determining the Group's geographical segments, revenue is attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in the People's Republic of China ("PRC") and over 90% of the Group's assets are located in PRC.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(a) the property investment segment engages in property leasing;

(b) the property management and agency services segment provides property management and agency services;

(c) the construction segment engages in construction contract works as a main contractor or sub-contractor, primarily in respect of design, decoration, electrical and mechanical works; and

(d) the consultancy services segment provides brand sourcing consultancy and property management consultancy services for retail business in PRC.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Business segments

The following tables present revenue, profit and certain assets, liabilities and expenditure information for the Group's business segments for the years ended 31 December 2007 and 2006.

Group

	Property investment		Property management and agency services		Construction		Consultancy services		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to/revenue from external customers	**537**	309	**10,041**	6,724	**402**	20,545	**4,500**	–	**15,480**	27,578
Intersegment sales	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Total	**537**	309	**10,041**	6,724	**402**	20,545	**4,500**	–	**15,480**	27,578
Segment results	**585**	(362)	**326**	(607)	**(3,214)**	3,660	**4,147**	–	**1,844**	2,691
Bank interest income and other unallocated income									**353**	1,769
Corporate and other unallocated expenses									**(15,612)**	(15,229)
Operating loss									**(13,415)**	(10,769)
Finance costs									**(6,933)**	(8,225)
Share of profit of a jointly-controlled entity									**64,639**	26,731
Profit before tax									**44,291**	7,737
Tax									**–**	8
Profit for the year									**44,291**	7,745

Business segments *(continued)*

Group

	Property investment		Property management and agency services		Construction		Consultancy services		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets and liabilities:										
Segment assets	**13,515**	19,217	**11,216**	8,174	**1,750**	5,776	**4,111**	–	**30,592**	33,167
Corporate and other unallocated assets									**565**	639
Investment in a jointly–controlled entity									**131,404**	66,766
Total assets									**162,561**	100,572
Segment liabilities	**2,053**	2,040	**13,403**	10,330	**17,943**	17,749	**–**	–	**33,399**	30,119
Corporate and other unallocated liabilities									**127,905**	112,371
Total liabilities									**161,304**	142,490
Other segment information:										
Depreciation and amortisation	**–**	–	**218**	207	**36**	53	**13**	–	**267**	260
Corporate and other unallocated amounts									**8**	20
									275	280
Impairment losses recognised in the income statement	**–**	–	**612**	1,022	**521**	8,876	**–**	–	**1,133**	9,898
Corporate and other unallocated amounts									**–**	–
									1,133	9,898
Impairment losses reversed in the income statement	**–**	–	**–**	–	**(51)**	(1,236)	**–**	–	**(51)**	(1,236)
Changes in fair value of investment properties	**–**	548	**–**	–	**–**	–	**–**	–	**–**	548
Capital expenditure	**–**	–	**24**	2,515	**9**	–	**28**	–	**61**	2,515
Corporate and other unallocated amounts									**4**	4
									65	2,519

6. OPERATING LOSS

The Group's operating loss is arrived at after charging/(crediting):

	Group	
	2007	2006
	HK$'000	*HK$'000*
Employee benefits expense		
(excluding directors' remuneration)		
Salaries and wages	**6,728**	6,259
Pension scheme contributions	**902**	476
	7,630	6,735
Depreciation of property, plant and equipment	**247**	254
Amortisation of prepaid land lease payments	**28**	26
Minimum lease payments under operating leases		
in respect of land and buildings	**13**	26
Auditors' remuneration – current	**460**	580
– under-provision	**–**	100
Changes in fair value of investment properties	**–**	548
Foreign exchange differences, net	**5,385**	2,236
Loss on disposal of property, plant and equipment	**12**	13
Impairment of accounts receivable	**298**	8,876
Impairment of amount due from a joint venturer	**509**	956
Impairment of other receivables	**326**	66
Gross rental income from investment properties	**–**	(129)
Less: Direct operating expenses arising on		
rental-earning properties	**–**	7
	–	(122)

7. FINANCE COSTS

	Group	
	2007	2006
	HK$'000	*HK$'000*
Interest on loans wholly repayable		
within five years	**6,933**	8,225

8. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong for the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

	Group	
	2007	2006
	HK$'000	*HK$'000*
Current income tax:		
Hong Kong profits tax		
– over-provision in prior years	**–**	8

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate of 17.5% (2006: 17.5%) as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Profit before tax	**44,291**	7,737
Tax at the statutory tax rate of 17.5% (2006: 17.5%)	**7,751**	1,354
Income not subject to tax	**(268)**	(783)
Expenses not deductible for tax	**1,388**	3,817
Tax losses not recognised	**3,041**	532
Tax losses utilised from previous periods	**(206)**	(8)
Profits attributable to a jointly-controlled entity	**(11,312)**	(4,678)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(394)**	(242)
Tax credit at the Group's effective rate	**–**	(8)

9. DIVIDENDS

The Board does not recommend the payment of dividend in respect of the year (2006: Nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic and diluted earnings per share is based on the profit for the year attributable to equity holders of the Company of approximately HK$44,291,000 (2006: HK$7,745,000) and the weighted average number of ordinary shares in issue during the year of 421,934,200 (2006: 421,934,200) shares.

The Company had no diluting events existed during the year ended 31 December 2007. The share options outstanding during the year ended 31 December 2006 had an anti-dilutive effect on the basic earnings per share for the year.

11. CONSTRUCTION CONTRACTS

	Group	
	2007	2006
	HK$'000	*HK$'000*
Gross amounts due from contract customers	**–**	115
Contract costs incurred plus recognised profits less recognised losses to date	**–**	115
Less: Progress billings	**–**	–
Amounts due from contract customers	**–**	115

At 31 December 2007, there were no retention monies held by customers for contract works (2006: Nil). Receivables from construction contracts were predetermined in accordance with the provisions of relevant agreements and were contractually payable to the Group within a specified period.

12. ACCOUNTS RECEIVABLE

	Group	
	2007	2006
	HK$'000	*HK$'000*
Accounts receivable	**18,477**	17,962
Impairment	**(14,269)**	(13,021)
	4,208	4,941

An aged analysis of the Group's accounts receivable as at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Within 1 month	**1,550**	1,314
1 to 3 months	**2,206**	3,999
Over 3 months	**14,721**	12,649
	18,477	17,962
Impairment	**(14,269)**	(13,021)
	4,208	4,941

Included in the accounts receivable was amount due from a related company, Wuhan Junefield Sogo Department Store ("Wuhan Sogo") of HK$3,000,000 as at 31 December 2007 (2006: Nil). The Group generally does not allow credit periods. Payment in advance is normally required for the related company. Accounts receivable are non-interest-bearing and are denominated in Hong Kong dollars and Renminbi ("RMB"). The carrying amounts of the accounts receivable approximate their fair values.

13. ACCOUNTS PAYABLE

An aged analysis of the Group's accounts payable as at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Within 1 month	**–**	897
1 to 3 months	**–**	63
Over 3 months	**12,945**	12,252
	12,945	13,212

The accounts payable are non-interest-bearing and are denominated in RMB. The carrying amounts of the accounts payable approximate their fair values.

AUDIT OPINION

The auditors' report contained a disclaimer opinion. The following paragraphs have been extracted from the auditors' report.

Basis for disclaimer of opinion

(1) *Significant uncertainty relating to the going concern basis*

In forming our opinion, we have considered the adequacy of the disclosures made in Note 1 to this result announcement concerning the adoption of the going concern basis on which the financial statements have been prepared. As explained in Note 1 to this result announcement, the Group is currently undertaking a number of measures to improve its liquidity and financial position. The financial statements have been prepared on a going concern basis, the validity of which depends upon the ongoing support by the Group's holding company, related companies and creditors.

The financial statements do not include any adjustment that may be necessary should the implementation of such measures be unsuccessful. We consider that appropriate disclosures have been made in the financial statements concerning this situation, but we consider that this fundamental uncertainty relating to whether the going concern basis is appropriate is so extreme that we have disclaimed our opinion.

(2) *Significant uncertainty relating to outcome of litigation and lawsuits in relation to a jointly-controlled entity*

At 31 December 2007, the Company had an interest in a jointly-controlled entity, namely Wuhan Plaza Management Co., Ltd. ("WPM"), an enterprise established in PRC. The Company accounted for its interests in WPM using the equity method, which represents a substantial part of the Group's total assets at 31 December 2007 and of its results for the year then ended. We have considered the adequacy of the disclosures further explained in below concerning the litigation and lawsuits relating to WPM, including the litigation filed by Wuhan Department Store Group Co., Ltd. (the "PRC Partner"), the PRC joint venturer of WPM and the lessor, against WPM for breach of lease agreement (the "Lease Litigation" as defined below), the lawsuit filed by International Management Company Limited ("IMC"), a wholly-owned subsidiary of the Company, against the PRC Partner (the "WDS Litigation" as defined below) and the lawsuit filed by IMC against the management of WPM (the "Director Litigation" as defined below), the ultimate outcome of which cannot presently be determined. In preparing the Group's consolidated financial statements, the directors of the Company accounted for the Group's share of net assets and results of WPM as at and for the year ended 31 December 2007 based on the management accounts of WPM after making certain adjustments relating to the rental expenses of WPM, (which were the subject of the aforesaid litigation and lawsuits) which they considered appropriate. However, there is significant uncertainty as to whether the litigation and lawsuits relating to WPM can be successfully defended or awarded, and the potential significant impact on WPM insofar as it affects the Group's share of net assets and results of WPM reflected in the Group's consolidated financial statements for the year ended 31 December 2007.

Disclaimer of opinion: disclaimer on view given by financial statements

Because of the significance of the matters described in the basis for disclaimer of opinion paragraph, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in our opinion the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 December 2007, the Group recorded a turnover of approximately HK$15,480,000, representing a decrease of 44% compared with last year (2006: HK$27,578,000). The decrease of turnover for the year under review was mainly due to income accrued from construction and related business.

The Group recorded positive results with net profit for the year under review was approximately HK$44,291,000, representing an increase of 4.7 times over the corresponding year of 2006 (2006: HK$7,745,000). The positive results were attributed to apparent persistent performance from retail business.

OPERATIONS REVIEW AND FUTURE PROSPECTS

Construction and related business

The 51% subsidiary in Beijing, PRC made loss due to low activities encountered for the period under review. Since the PRC business licence of this subsidiary will be expired on 21 April 2008, the management has been discussing with the subsidiary's minority shareholder to review for its continuity.

Property management and agency services business

The 51% subsidiary in Wuhan, PRC made profit for the period under review due to the occupancy rate on office tower continued to reach at a higher level. The management has focused to look for opportunity for expanding its services as our core business to independent third parties to sustain better performance of this subsidiary.

Properties held for sale

The management has leased 7 units out of 9 office units in Beijing, PRC, which the Group has acquired in 2003 to generate recurrent rental income. Management would endeavour to lease out the remaining 2 units and to dispose the units in the light of flourish property market in Beijing, PRC.

Consultancy services for retail business in PRC

On 31 August 2007, the Company entered into the services agreement with Wuhan Sogo, its related company. The Company will provide brand sourcing consultancy and property management consultancy services to Wuhan Sogo by acting as its agent to introduce international reputable brands to rent retail booths in the shopping centre of Wuhan Sogo for a term of two years commenced from October 2007. The entering into the services agreement enables the Group to broaden its revenues base by leveraging on its expertise in the PRC retail business.

Retail business in Wuhan

The share of profit from the jointly-controlled entity, WPM, amounted to approximately HK$64,639,000 after tax which represented an increase of 1.4 times as compared to last corresponding period. During the year under review, the economy of PRC continued to experience growth, the retail and department store business remained promising. However, the litigation on increase in rental has not yet resolved and the outcome may pose a negative factor for the future profitability of this jointly-controlled entity.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY-CONTROLLED ENTITIES

There was no material acquisition and disposal of subsidiaries, associated companies and jointly-controlled entities during the year under review.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2007, the Group had net assets of approximately HK$1,257,000 (2006: deficiency in assets of approximately HK$41,918,000) with total assets of approximately HK$162,561,000 (2006: HK$100,572,000) and total liabilities of approximately HK$161,304,000 (2006: HK$142,490,000). The Group's current ratio, which equals current assets divided by current liabilities was 0.18 (2006: 0.42).

The Group's bank balances and short term deposits which are mainly denominated in Hong Kong dollars and RMB, amounted to approximately HK$6,606,000 as at 31 December 2007 (2006: HK$2,226,000).

The Group's gearing ratio, as a ratio of total interest-bearing borrowings and the loan from a jointly-controlled entity to total assets as at 31 December 2007, was 0.60 (2006: 0.96).

The Group currently enjoys the continuous financial support from the Company's ultimate holding company. The Group will actively improve its working capital at appropriate time, consider raising funds by suitable means for investment and trade opportunities.

CAPITAL STRUCTURE AND TREASURY POLICIES

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

BORROWINGS

As at 31 December 2007, the Group had interest-bearing borrowings of approximately HK$30,367,000 (2006: HK$34,630,000) in which a secured other loan of HK$25,000,000 (2006: HK$30,000,000) bearing interest at 2% per month was due on 23 February 2008 and would be extended to 22 August 2008. Another loan of approximately HK$5,367,000 (2006: HK$4,630,000) is unsecured and bears interest at 9.5% per annum with no fixed term of repayment.

The Group's loan from a jointly-controlled entity of approximately HK$66,657,000 (2006: HK$61,950,000) would be repayable through dividends distributions by the jointly-controlled entity up to December 2007.

MATERIAL INVESTMENT OR CAPITAL ASSETS

There was no material acquisition during the year under review.

CONTINGENT LIABILITIES

As at 31 December 2007, the Group had no material contingent liabilities (2006: approximately HK$10 million).

CHARGE OF ASSETS

As at 31 December 2007, the Group's other loan of HK$25,000,000 was secured by:

(i) a debenture incorporating a floating charge on all assets of the Company;

(ii) a share mortgage in respect of the two issued ordinary shares of Ever Park Development Limited ("EPD"), a subsidiary of the Company;

(iii) a debenture incorporating a first floating charge over the undertaking, properties held for sale and assets of EPD;

(iv) a deed of guarantee signed by Mr. Zhou Chu Jian He, Chairman of the Board;

(v) a debenture incorporating a first floating charge over the undertaking, properties and assets of Prime Century Investments Limited ("PCI"), the immediate holding company of the Company;

(vi) a share mortgage in respect of the issued ordinary share of US$1.00 in PCI; and

(vii) assignment of receivables of EPD.

LITIGATIONS

As at 31 December 2007, the Group had the following litigations:

(1) WPM is a joint venture established between IMC, the Company's wholly-owned subsidiary which directly holds a 49% interest in WPM, and the PRC Partner on a 49:51 basis. WPM operates a department store at Level 1-8, No. 688 Jiefang Avenue, Wuhan City, Hubei Province, PRC (the "Premises"). There is a joint venture agreement dated 2 November 1993 ("JV Agreement") governing the respective rights and obligations of each of the joint venture partner of WPM. Pursuant to the JV Agreement relating to the business operation of WPM, it is stipulated that WPM shall lease from the PRC Partner the Premises comprising ground floor, and levels 1-8 at No. 688 Jiefang Avenue, Wuhan City with operating area of approximately 70,000 square meters and operate department store business through inviting retailing concessionaires to the Premises in line with international practices. Based on this, the Company asserts that (i) the requirement for the PRC Partner to lease the Premises to WPM as the latter's place of operation is the perquisite requirement for WPM's continued operation; and (ii) the Lease (as defined below) is a key basis of cooperation between the PRC Partner and IMC, and had direct impact on the investment interests of both parties. The board of directors of WPM comprises seven directors, three of them are appointed by IMC and the remaining four directors are appointed by the PRC Partner, namely, Wang Dong Sheng (as Chairman), Liu Jiang Chao (as director), Huang Jun (as director), Xiao Zhou Yun (as director and general manager). The board representation is in accordance with the articles of association of the WPM.

    In order to implement the JV Agreement, on 14 January 1995, the Lease (as defined below) was entered into between WPM and the PRC Partner. The agreement has a term of 20 years (same as the joint venture tenure of WPM), commencing from the date of opening of the Wuhan Plaza Shopping Centre (the "Lease"). The Lease has a pre-agreed annual rental for the first ten years. Pursuant to the Lease, from the eleventh year onwards, either party to the Lease may negotiate to change the rental arrangements. For the ten years from the opening of Wuhan Plaza Shopping Centre in 28 September 1996 to 27 September 2006, the Lease was properly executed.

    On 22 September 2006, the PRC Partner notified WPM that its shareholders had passed a resolution on 21 September 2006, requesting the annual rental be increased from RMB68,025,000 for the year ended 27 September 2006 to RMB217 million for the year ending 28 September 2007 with an annual increment of 5% for the remaining terms of the Lease.

As requested by the directors of WPM appointed by IMC, two board meetings of WPM were held on 24 October 2006 and 27 October 2006, to discuss the continued execution of the Lease for the remaining period. All the directors of WPM, except Liu Jiang Chao who had authorised Wang Dong Sheng to vote on his behalf, attended the board meetings, whereas the directors of WPM unanimously agreed to propose the new rental rate for the remaining term of the Lease, being the higher of (i) an annual rental of RMB 107 million; and (ii) an annual rental calculated based on the turnover before tax generated by its principal operation on the scale of 8% on the part of turnover not exceeding RMB 1.0 billion and 6% on the part exceeding RMB 1.0 billion. There were two other resolutions proposed by the three directors appointed by IMC, namely Mr. Zhou Chu Jian He, Mr. Liu Zhongsheng ("Mr. Liu") and Mr. Choon Hoi Kit, Edwin, were not passed as they were voted against by the four directors appointed by the PRC Partner. The two resolutions proposed by IMC's representatives were (i) authorising Mr. Liu to directly deal with, or to engage and appoint intermediary as approved by the authorised person of WPM to deal with, the matters arising from the litigation on the Lease, pending the result of negotiations with the PRC Partner; and (ii) instructing WPM to continue to pay rents to the PRC Partner in accordance with the rental arrangement stipulated in the Lease during the period pending the matters are finally resolved.

The PRC Partner through its position as the controlling shareholder and through Mr. Wang Dong Sheng and Ms. Xiao Zhou Yun, the chairman and general manager of WPM appointed by them, who also served as chairman (stepped down on 14 December 2006) and deputy general manager (stepped down on 28 May 2007) of the PRC Partner respectively, prevented WPM from settling its rental obligation under the Lease. In the meantime, the PRC Partner, as the Lessor, also notified WPM that its shareholders had duly approved the new annual rental be revised to RMB217 million effective from October 2006 and indicated that they would not accept anything below such amount. The Lessor has finally filed a litigation against the WPM for breach of the Lease and requested for termination of the Lease (the "Lease Litigation") on 30 January 2007.

IMC was first notified by WPM about the Lease Litigation on 5 February 2007. The first court hearing for the Lease Litigation was held on 5 March 2007. The PRC Partner had interfered into WPM such that WPM failed to convene board meeting for the preparation of the case and also refused the request from IMC for itself to make representation to the court of the material facts surrounding of the Lease Litigation. During the first court hearing, WPM had not presented all evidences or facts to the court. No court judgment has been made up to the date of approval of this result announcement.

After consulting legal opinions, the board of directors of Company has decided to take appropriate legal actions in order to protect the interests of the Company as disclosed below:

Application for Arbitration and Termination of Legal Proceeding

After the filing of the Lease Litigation by the Lessor at the Jianghan District People's Court in Wuhan City, Hubei Province, PRC (中國湖北省武漢市江漢區人民法院) on 30 January 2007 against WPM for breach of the Lease, IMC has applied for an arbitration to the China International Economic And Trade Arbitration Commission (the "Arbitration Commission") on 15 February 2007 pursuant to the arbitration provision in the JV Agreement, requesting the Arbitration Commission to rule that (i) the minutes of the board meeting of WPM on 27 October 2006 (the "Board Meeting") be valid and shall be complied with by the PRC Partner ("Request 1"); (ii) the PRC Partner shall stop acting in a manner in its capacity of a controlling shareholder rendering WPM in breach of Lease by preventing WPM from executing the first resolution passed on the Board Meeting ("Request 2"); and (iii) the arbitration fee shall be borne by the PRC Partner ("Request 3"). The application was handled by the Arbitration Commission in Beijing on 1 March 2007.

On 11 December 2007, IMC received the arbitration awards made by the Arbitration Commission on 6 December 2007. The Arbitration Commission ruled that:

1. Request 1 was in favour of IMC;

2. Request 2 was not granted; and

3. An amount of RMB316,750 (which account for 70% of the total arbitration fee) to be borne by IMC and an amount of RMB135,750 (which account for 30% of the total arbitration fee) to be borne by PRC Partner in relation to Request 3.

However, the Arbitration Commission took the view that it has no jurisdiction to compel the PRC Partner to accept the proposed rental under the first resolution of the Board Meeting (the "First Resolution") in its capacity as the lessor. In order to implement the proposed rental under the First Resolution against the PRC Partner, an agreement between the PRC Partner and WPM in their respective capacity as the lessor and the tenant under the Lease should be made and that the parties should negotiate and agree on the new rate of annual rental of the Premises on a fair basis with respect to the principles of the First Resolution, which was duly passed and agreed by all the directors (including those appointed by the PRC Partner) at the Board Meeting.

Filing of Lawsuits

Lawsuit against the PRC Partner

On 25 February 2007, IMC filed a lawsuit against the PRC Partner at the Supreme People's Court of Hubei Province, PRC (中國湖北省高級人民法院) (the "WDS Litigation") requesting the court (i) to order the PRC Partner immediately stops making use of its advantageous position as a controlling shareholder of WPM to jeopardise the interests of WPM by (a) raising the rental payable by WPM for the remaining ten years term of Lease and hindering WPM from making rental payment so as to rendering it in breach of the Lease; (b) controlling WPM to amend the terms of Lease and terms of cooperation with suppliers; (c) exploiting the resources of WPM for the marketing of Wuhan Plaza II owned by the PRC Partner so as to damage the interests of WPM; (ii) to order the PRC Partner to pay WPM damages of RMB55 million for the loss it suffered; (iii) to order the PRC Partner to bear all the legal fee of the WDS Litigation, as well as the attorney fees, travel expenses and other costs incurred by IMC arising from the WDS Litigation. The WDS Litigation filing was accepted by the court on 7 March 2007. There are no further developments up to the date of approval of this result announcement.

Lawsuit against the management of WPM, which is the representative of the PRC Partner

On 7 March 2007, IMC filed another lawsuit at the Intermediate People's Court in Wuhan City, Hubei Province, PRC (中國湖北省武漢市中級人民法院) (the "Director Litigation"), requesting the court: (i) to order the directors of WPM appointed by the PRC Partner ("Four Directors") immediately stop acting in ways that would damage the interests of WPM; (ii) to order the Four Directors to compensate WPM an amount of RMB3 million; and (iii) to order the Four Directors to pay all the legal fee incurred by IMC on the Director Litigation. The Director Litigation filing was accepted by the court on 14 March 2007. There are no further developments up to the date of approval of this result announcement since the hearing held on 11 May 2007.

(2) On 26 February 2007, the Intermediate People's Court in Wuhan City, Hubei Province, PRC (中國湖北省武漢市中級人民法院) held that Wuhan Huaxin Real-Estate Development Co. Ltd. ("WHRED") was liable to refund the purchase considerations paid by certain buyers for purchasing certain premises units at No. 688 Jiefang Avenue, Wuhan City, PRC of approximately HK$1.4 million. As WHRED was classified as an available-for-sale investment , and the Group has not provided any financial guarantee to WHRED, the directors of the Company do not expect the above claims to have any impact on the Group.

(3) In December 2002, a former director of a subsidiary which was disposed of in prior years commenced litigation in PRC against the Group with total claims of approximately RMB19 million. Currently, the litigation is still in progress and no conclusion has been drawn on the litigation. Based on the legal opinion from Group's PRC lawyer, the directors are of the opinion that the court will ultimately decline such claim and, accordingly, no provision has been made.

EXCHANGE RATE EXPOSURE

The Group's turnover and costs are partially denominated in RMB, which will largely offset each other. However, as the Group's loan from a jointly-controlled entity is denominated in RMB and reported in Hong Kong dollars, there was a translation loss being charged to administrative expenditure as a result of the RMB appreciation. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its balance sheet exposure in 2007.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2007, the Group had about 181 employees (2006: 197 employees) of whom 7 (2006: 10) are based in Hong Kong and 174 (2006: 187) based in the PRC. The number of workers employed by the Group varies from time to time depending on the industry need and they are remunerated under the employment term which is based on industry practice.

The remuneration policy and package of the Group's employees are periodically reviewed and approved by the executive directors. Apart from the pension funds, discretionary bonuses and share options are awarded to certain employees according to the assessment of individual performance.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities during the year.

AUDIT COMMITTEE

The Audit Committee, which comprises three independent non-executive directors of the Company, has reviewed with the management for the accounting principles and practices adopted by the Group and discussed auditing, internal control and reviewed the financial position to consider the Group's significant accounting policies and financial reporting matters during this financial year. The Audit Committee has met with the management, to discuss the Group's internal control system, excluding WPM.

CODE OF CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the Code of Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), throughout the accounting period covered by the annual report.

DIRECTORS' SECURITIES TRANSACTION

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding the Directors' securities transactions. The Company has made specific enquiry of all Directors whether they have complied with the Model Code and all Directors confirmed that they have complied with the Model Code for the year ended 31 December 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 19 June 2008 to Friday, 20 June 2008, both days inclusive, during which period no transfer of shares will be effected. All transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Registrar in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Wednesday, 18 June 2008.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Friday, 20 June 2008 at 3:00 p.m., at 13th Floor, Bank of East Asia, Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong. Notice of the Annual General Meeting will be published as soon as possible.

PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE WEBSITE

The Company's 2007 annual report as well as this announcement of annual results containing all the information required by the Listing Rules on the Stock Exchange will be published on the Stock Exchange's website at www.hkex.com.hk and on the Company's website at http://junefield.etnet.com.hk.

By Order of the Board
Zhou Chu Jian He
Chairman

Hong Kong, 10 April 2008

The executive directors as at the date hereof are Mr. Zhou Chu Jian He, Mr. Zhang Xiao Bing, Adam, Mr. Liu Zhongsheng, Mr. Ng Man Chung, Siman; the independent non-executive directors are Mr. Leung Man Kit, Mr. Chan Kwok Wai and Mr. Lam Man Sum, Albert.

* *For identification purposes only*